**MARKETBEAT**

# Baltimore

## OFFICE Q3 2024

### MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **16.9%** Vacancy Rate | ▲ | ▲ |
| **71.3K** YTD Net Absorption, SF | ▼ | ▼ |
| **$25.62** Asking Rent, PSF | ▲ | ▼ |

*(Overall, All Property Classes)*

### ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **1.4M** Baltimore Employment | ▼ | ▲ |
| **3.4%** Baltimore Unemployment Rate | ▲ | ▲ |
| **4.1%** U.S. Unemployment Rate | ▲ | ▼ |

*Source:BLS*

### ECONOMY:

The Federal Reserve (Fed) cut interest rates for the first time since 2020, lowering the key rate by 50 basis points (bps) from a decade high 5.3% to 4.8%. The decision comes as inflation continues to slow, with the Consumer Price Index (CPI) coming down to 2.5% year-over-year (YOY). Shelter costs continue to be a major factor in rising consumer costs, up 5.2% YOY, even as energy prices fall (-4.0% YOY) and food prices stabilize (2.1% YOY).

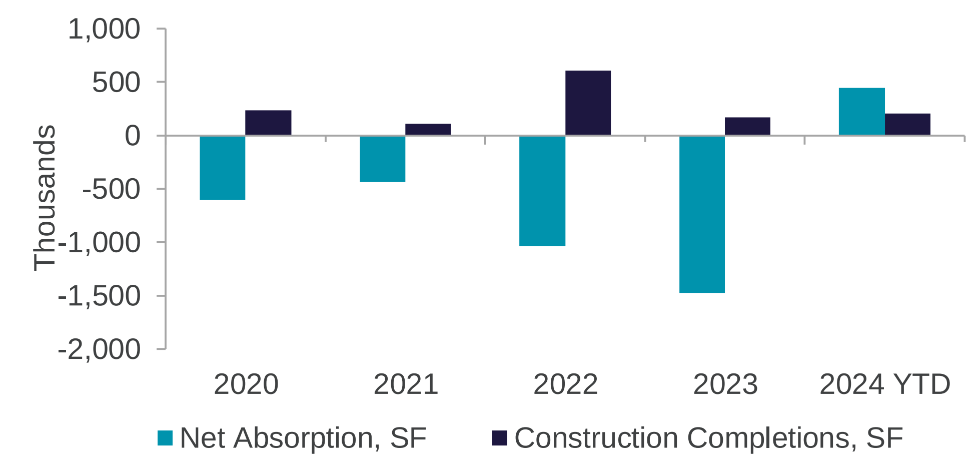
With the Fed confident the economy will hit the 2.0% inflation target rate it has focused on reinvigorating the slowing labor market. Unemployment in Baltimore reached 3.4% per the Bureau of Labor Statistics (BLS) July report, a 1.2% increase YOY. The Finance and Information sectors have both recorded declines in employment in the last year while Government, Education, and Health services all had growth in the region.

### SUPPLY AND DEMAND:

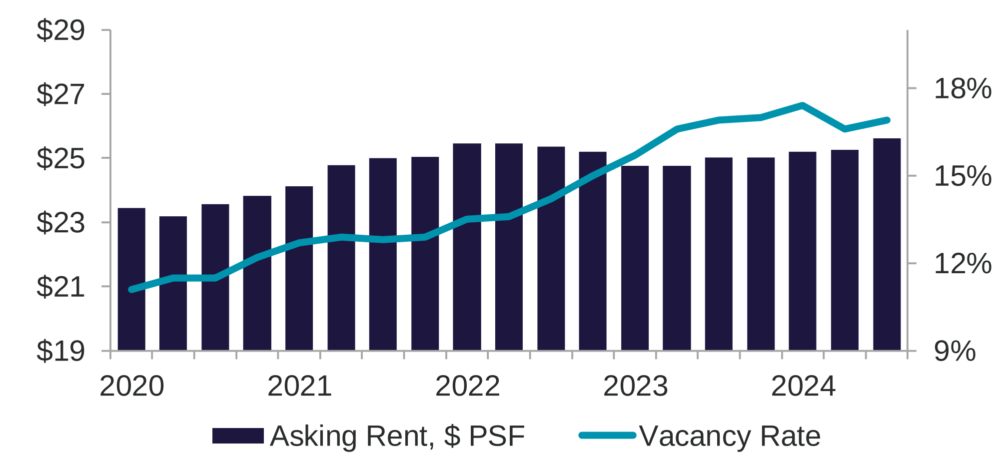
Overall vacancy in the region rose to 16.9%, up 60 basis points from last quarter, but remains unchanged relative to Q3 2023. Leasing activity appears on track to slightly exceed 2023's activity in both size and number of deals but will remain well short of the 2022's, which had been boosted by several large state government deals. Demand for high quality space continues, as Class A space made up 60.0% of all leased space in the greater metro area, and 83.0% of all space leased within Baltimore City.

Activity in the area remains unevenly distributed geographically, with the region's primary suburban markets recording a much greater share of activity than the urban center. Baltimore City accounted for just 15.9% of all third quarter leasing activity within the metro area, with an average deal size of 4,760 square feet (sf). In comparison, Columbia accounted for 32.7% of all activity this quarter and averaged 5,130 sf per deal. Other major suburbs, such as Owings Mills (10.4%) and Annapolis (8.9%), captured their largest share of the market since Q1 2023.

### SPACE DEMAND / DELIVERIES




### OVERALL VACANCY & ASKING RENT



## MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Baltimore City | 21,509,001 | 131,502 | 4,620,527 | 22.1% | -17,725 | 91,561 | 301,465 | 775,000 | $26.89 | $29.29 |
| Howard County | 17,310,021 | 375,653 | 2,204,570 | 14.9% | -166,013 | -152,390 | 673,422 | 0 | $26.17 | $28.48 |
| BWI Airport | 11,980,334 | 119,043 | 1,018,609 | 9.5% | -133,899 | 8,032 | 240,903 | 137,985 | $25.25 | $28.91 |
| Suburban North | 13,532,277 | 255,716 | 1,911,101 | 16.0% | -128,896 | 52,434 | 364,594 | 0 | $24.02 | $26.18 |
| Greater Annapolis | 4,026,712 | 62,945 | 479,303 | 13.5% | -18,270 | 16,021 | 111,435 | 0 | $28.57 | $31.67 |
| Suburban West | 8,407,109 | 95,567 | 1,477,415 | 18.7% | -13,204 | 81,840 | 214,289 | 0 | $22.37 | $23.40 |
| Harford | 1,989,968 | 12,684 | 527,408 | 27.1% | -11,962 | -26,376 | 43,647 | 0 | $22.89 | $24.71 |
| **BALTIMORE TOTALS** | **78,755,422** | **1,053,110** | **12,238,933** | **16.9%** | **-489,969** | **71,302** | **1,949,755** | **912,985** | **$25.62** | **$27.92** |

**Rental rates reflect full service asking*

## KEY LEASE TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| 6100 Merriweather Dr. | Town Center | Adtalem Global Education | 53,346 | New |
| 881 Elkridge Landing Rd. | BWI North/Linthicum | Rampart Communications | 37,954 | New |
| 1201 Wills St. | Baltimore Southeast | Stifel, Nicolaus & Company, Incorporated | 34,645 | New |
| 53 Loveton Cir. | Route 83 North | Undisclosed | 22,950 | New |
| 11000 Broken Land Pky. | Town Center | SC&H Group, Inc. | 19,077 | New |

**Renewals not included in leasing statistics*

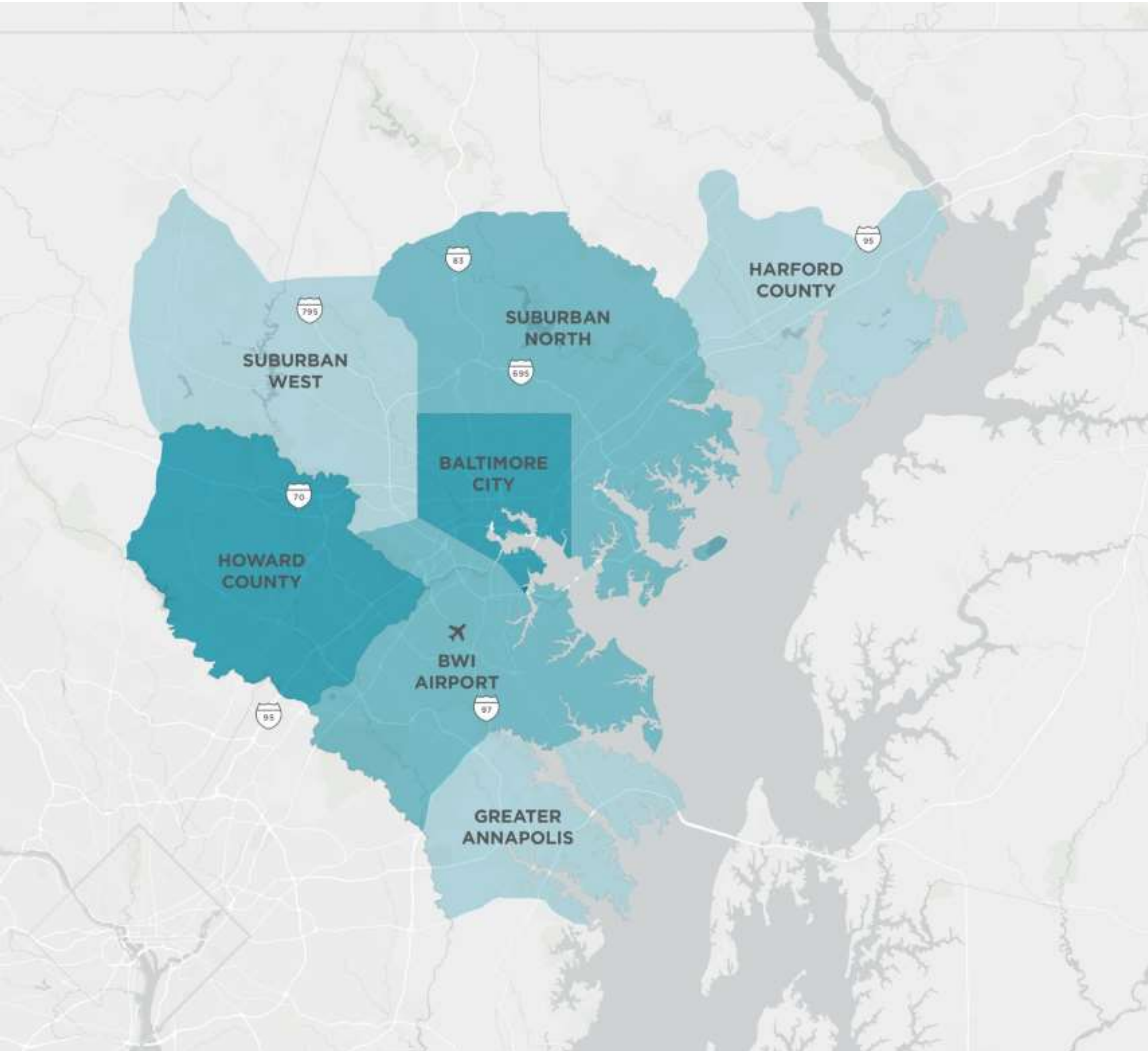
## KEY SALES TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE/$PSF |
|---|---|---|---|---|
| 2200 Defense Hwy. | Annapolis | Cantor Fund Management/APG Media | 65,780 | $9.0 M / $136.82 |
| 2 Park Center Ct. | Reisterstown Road Corridor | Grander Capital Partners/Universal Pro Care | 30,167 | $5.9 M / $196.99 |

## KEY CONSTRUCTION COMPLETIONS YTD 2024

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|---|---|---|---|---|
| 550 National Business Pky. | BWI Anne Arundel | Microsoft Corporation / AWS | 122,195 | COPT Defense Properties |
| 8150 Maple Lawn Blvd. | Columbia South | N/A | 81,586 | St. John Properties |

## OFFICE SUBMARKETS

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